



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

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June 15, 1998

**Grain Elevator Explosion Causes Deaths in Kansas.** An explosion occurred June 8, 1998, around 9:20 a.m., at the DeBruce Grain elevator in suburban Haysville, KS (near Wichita). This grain elevator is the third largest in the world and was a major shipping terminal for Kansas grain. The explosion, which is speculated to have been caused by volatile grain dust, initially killed two and injured eleven workers. An emergency declaration issued by President Clinton on Tuesday enabled deployment of a 62-member Urban Search and Rescue Team from Lincoln, NE. Also, a 21-member Incident Support Team was sent for technical support and resource coordination. Rescue workers searched for days for four missing people. Three were recovered, bringing the death toll up to six. The last missing person is thought to be Howard Goin, who returned from his September retirement to help during the area's upcoming wheat harvest. Workers used ultrasound, infrared equipment and dogs to help in the search for the victims. The tunnel was about 7 feet tall, 8 feet wide, and 25 feet underground. The DeBruce grain elevator is a series of 120-foot tall, stone gray silos. It is nearly a half mile long and has a storage capacity of 38.9 million bushels of grain at full capacity. "It could also handle 100 railroad cars at a time," says Bill Frederick, President of Central Kansas Railway, "and 10,000 to 12,000 cars a year." He states that this could now cause the turnaround time to double, resulting in a problem for the railway. Inspectors from the U.S. Department of Agriculture (USDA) had warned DeBruce twice in the past 19 months about excessive grain dust, but had no authority to enforce their warning. The Federal Occupational Safety and Health Administration (OSHA), which does have that authority, had neither investigated the site nor been contacted by USDA inspectors. Agriculture Secretary Dan Glickman said he would visit the accident site and look into why grain inspection reports were not passed on to OSHA. In the meanwhile, USDA has offered distress loans to farmers and relaxed storage licensing requirements for grain warehouses, so that farmers who must store grain on the ground or in temporary farm facilities may do so. (*Bridge News, Washington Post, AP, New York Times, Reuters*)

**Large Grain, Low Prices Bring Complications.** It appears that U.S. farmers will again be faced with a shortage of storage space for this year's summer and fall harvest. Due to huge worldwide grain supplies and decreased demand, U.S. farmers have already chosen to store much of this season's large wheat harvest, hoping for a future increase in prices. According to agricultural and transportation officials, the problem will not be fully realized until feed grain crops, such as corn, soybeans, and sorghum, are harvested this fall. In addition, with this low export demand, the railroads are forced to pay the price of underutilized capacity. Officials at Burlington Northern Santa Fe Railroad (BNSF) have stated that it is becoming harder to justify investments in agriculturally-related equipment due to the weak demand. Thomas Kraemer, a BNSF vice president, mentioned that the railroad is taking delivery on 2,000 new hopper cars. This is in addition to 1,500 hopper cars already available and not being used, due to lack of demand. "We've got the cars and we're hoping for a market," Kraemer said. U.S. Agriculture Secretary, Dan Glickman, speaking in Kansas, stated that the "Freedom to Farm" bill left export incentive programs as the only option to increase foreign demand. "The biggest tool we have is GSM credits. We've allocated some \$6 billion so far this year compared to \$3 billion in 1997..." Glickman continued, saying that GSM-102 credits to foreign buyers would likely rise even further. (*AP, Reuters*)

**Canadian System Undergoes Review.** In an effort to promote accountability in grain handling and transportation, Canada's Federal Transport Minister, David Collenette, announced the completion of the first phase of the Federal review of its grain transportation system. Rick Sallee, Vice President of Agri-Products and Coal for the Canadian Pacific Railway Co., stated that the best way for Canada to sustain strength in the world markets is to have "a simplified system of commercially-negotiated agreements between partners in grain handling and transportation." Mr. Sallee emphasized a simpler, commercially-driven system, that would create appropriate marketing signals, and changing what he called a current system marked by "paralyzing complexity and a lack of accountability." The second phase of the review will rely on members of the industry to develop recommendations, implement plans for system reform, and establish roles for all sectors. (*Bridge News*)

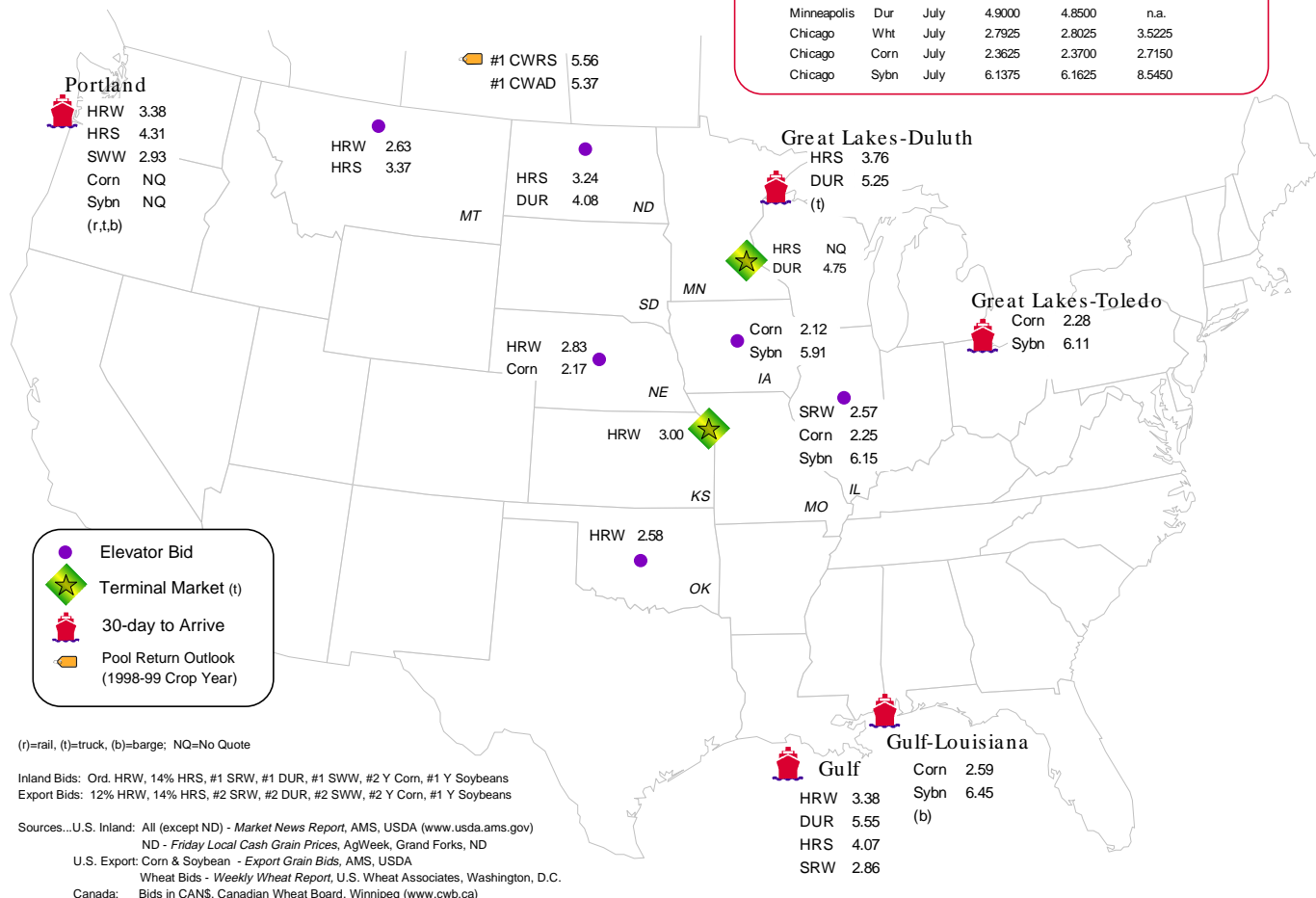
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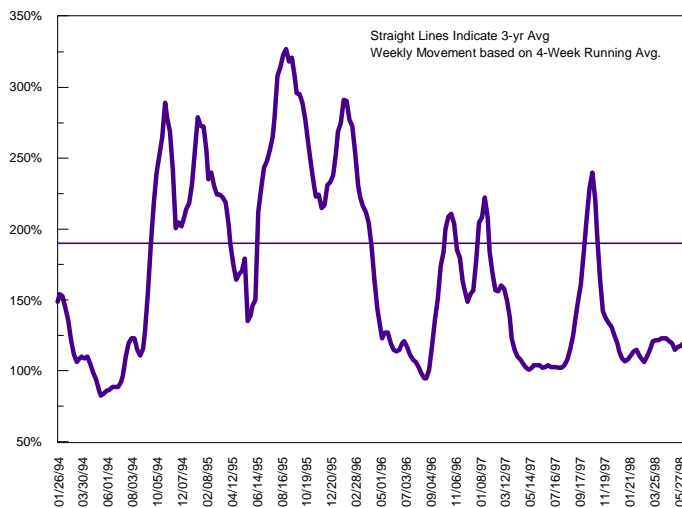
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## Grain Bid Summary

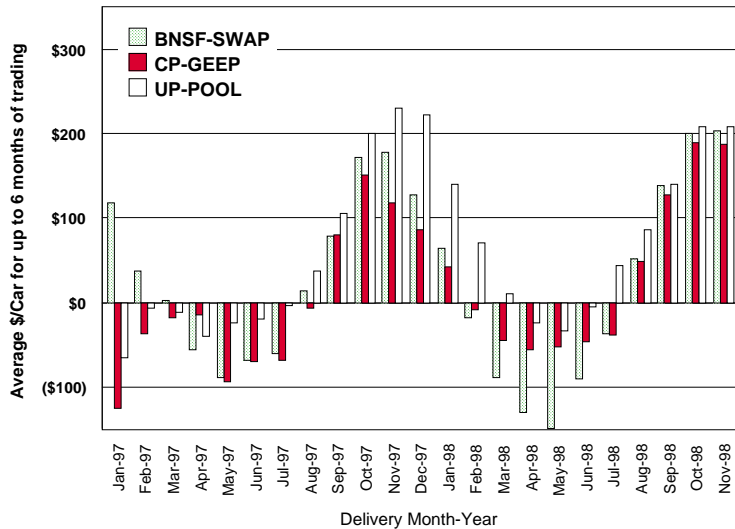


## Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



## Secondary Rail Market Bids

See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Jul-98		Sept-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	6,784	63%	6,508	18%
<b>UP-GCAS</b>	5,400	67%	5,400	59%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

### Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jun-98	Jul-98	Aug-98	Sep-98
BNSF-COT	\$(58)	\$(15)	\$27	\$130
CP-GEEP	\$(10)	\$(20)	\$47	\$109
UP-Pool	\$0	\$40	\$75	\$127

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

*note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted*

### Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jul-98	Sep-98	Oct-98
COT/N. Grain	\$36	\$134	\$174
COT/S. Grain	\$14	\$171	\$238
GCAS/Region 2	\$20	\$53	no offer
GCAS/Region 4	no bid	\$92	no offer

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com),  
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

### Southbound Barge Freight Nominal Values\*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
6/12/98	Mid Miss.	twk	140-150
		Aug.	145-150
		Sept.	180
		Oct.	230
	Illinois River	twk	120-125
		twk	100-105
	St. Louis	nwk	105
		Sept.	175
	Ohio River	Sept.	235
		Oct.	200
	Lower Miss.	Oct.	200

\*Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

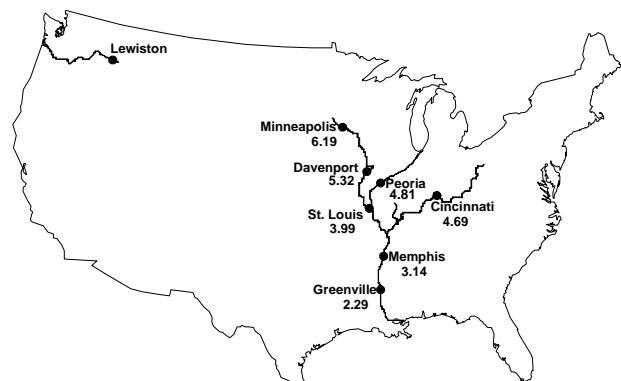
nwk=next week

### Southbound Barge Freight Spot Rates

	6/10/98	6/3/98	July '98	Sept. '98
Twin Cities	168	155	168	210
Mid-Mississippi	145	125	143	180
Illinois River	130	115	130	173
St. Louis-Cairo	105	95	105	150
Lower Ohio	100	100	105	173
Cairo-Memphis	98	95	95	148

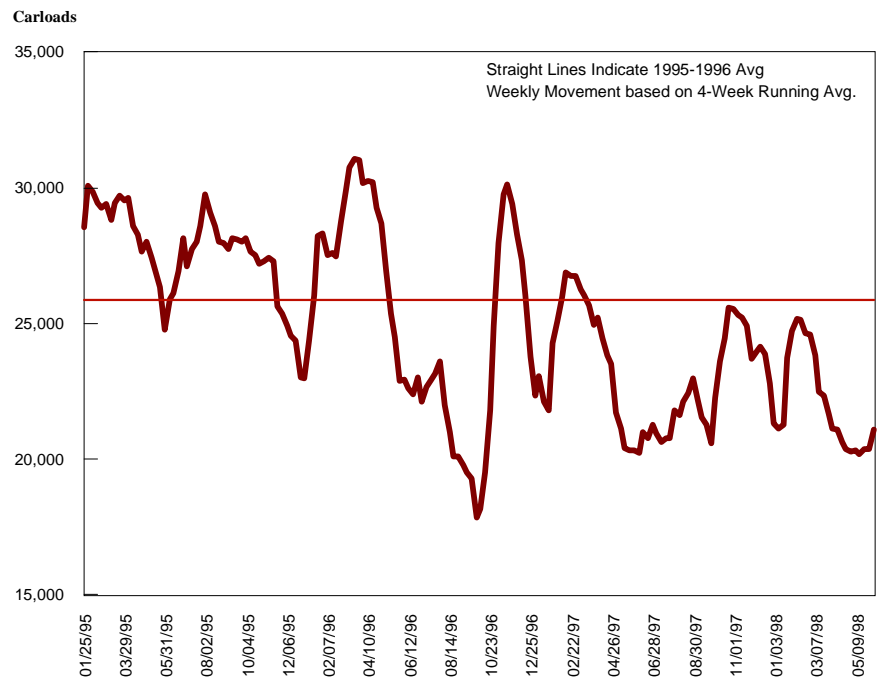
Source: Transportation & Marketing /AMS/USDA  
nq- no quote

### Barge Benchmark Tariff Rates Est. 1976 - 'Tariff No. 7'



## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
5/23/98	21,229
5/30/98	20,724
6/06/98	22,086
Year to Date - 1998	490,008
Year to Date - 1997	524,854
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



## Class I Rail Carrier Grain Car Bulletin

## Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/06/98	583	2,675	1,544	2,566	8,165	539	6,014	1,730	3,109
This Week Last Year	376	2,003	1,488	2,223	5,930	762	6,489	3,686	5,073
1998 YTD	15,022	53,811	31,210	56,707	179,748	14,528	138,982	55,626	91,183
1997 YTD	11,179	53,049	36,118	54,119	175,021	15,310	176,367	65,530	100,529
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

## Tariff Rail Rates for Unit Train Shipments

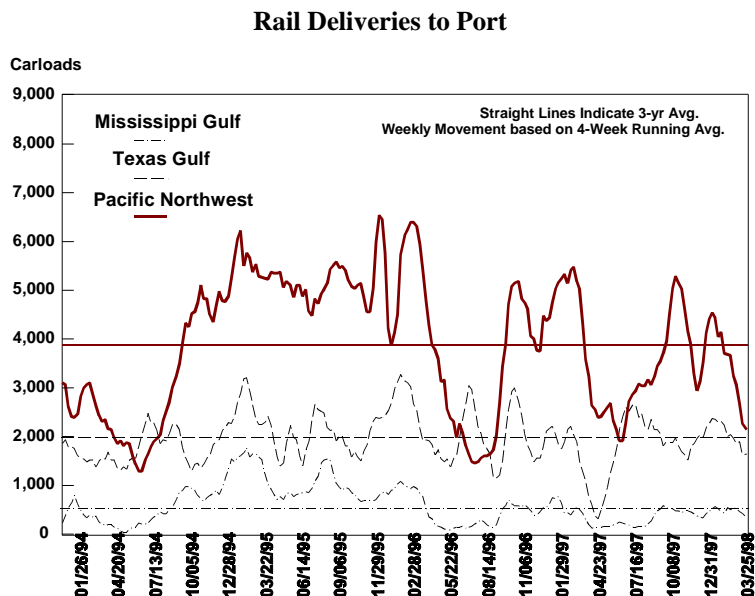
## June 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

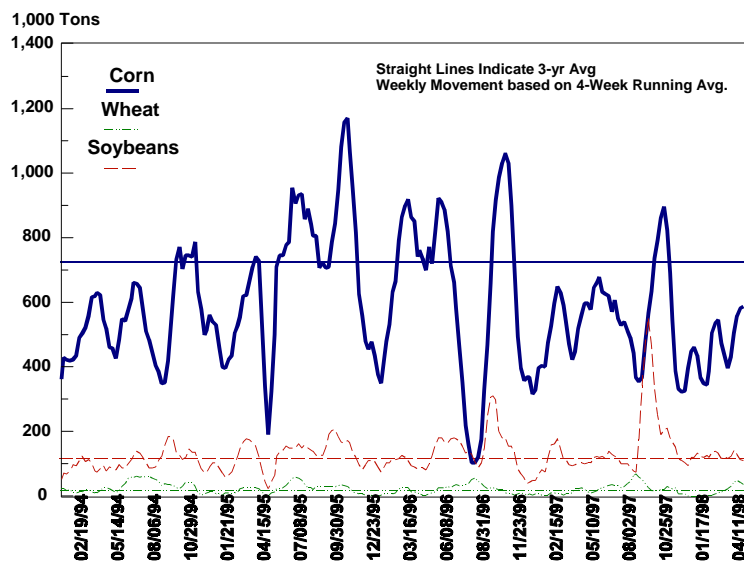
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
5/20/98	63	1,878	1,998	257
5/27/98	209	1,271	1,737	7
6/3/98	273	1,417	2,257	10
YTD 1998	8,759	42,594	68,921	5,769
YTD 1997	9,950	32,924	93,832	3,039
Total 1997	20,152	93,265	194,905	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



## Barge Movements - Locks 27



## Barge Grain Movements

for week ending 06/06/98

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	288	26	77	391
Winfield, MO (L25)	313	17	62	394
Alton, IL (L26)	542	16	93	652
Granite City, IL (L27)	584	26	112	724
<b>Illinois River (L8)</b>	208	0	44	252
<b>Ohio (L52)</b>	n/a	n/a	n/a	n/a
<b>Arkansas (L1)</b>	0	4	1	6
1998 YTD	10,899	757	3,473	16,685
1997 YTD	11,761	592	3,101	17,234
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
06/04/98	1,425	303	1,004	580	213	3,525	6,301	1,843	11,669
This Week Year Ago	1,692	866	952	544	292	4,345	8,833	4,359	17,537
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	50	28	79	45	0	202	27,814	22,429	50,445
96/97 YTD	61	4	140	74	0	279	35,813	22,032	58,124
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn &amp; Soybeans=9/01-8/31

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/11/98	116	7	8	36	438	93	93	0	20
1998 YTD **	4,331	3,050	399	2,371	11,717	7,267	2,676	178	580
1997 YTD **	5,301	5,426	890	1,636	13,356	8,318	1,139	921	422
% of Last Year	82%	56%	45%	145%	88%	87%	235%	19%	137%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

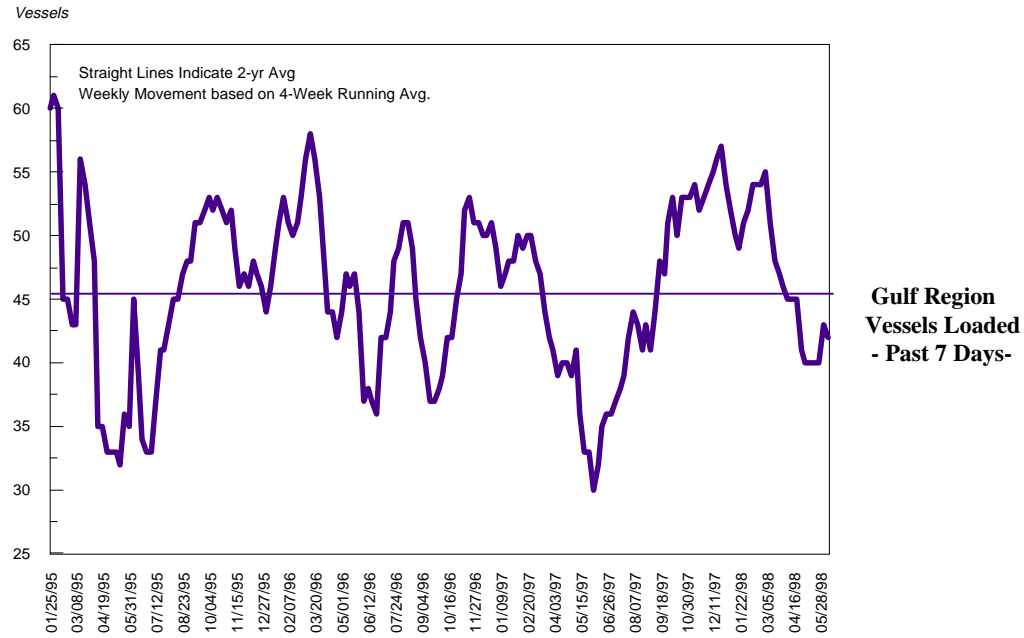
Source: Federal Grain Inspection Service \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

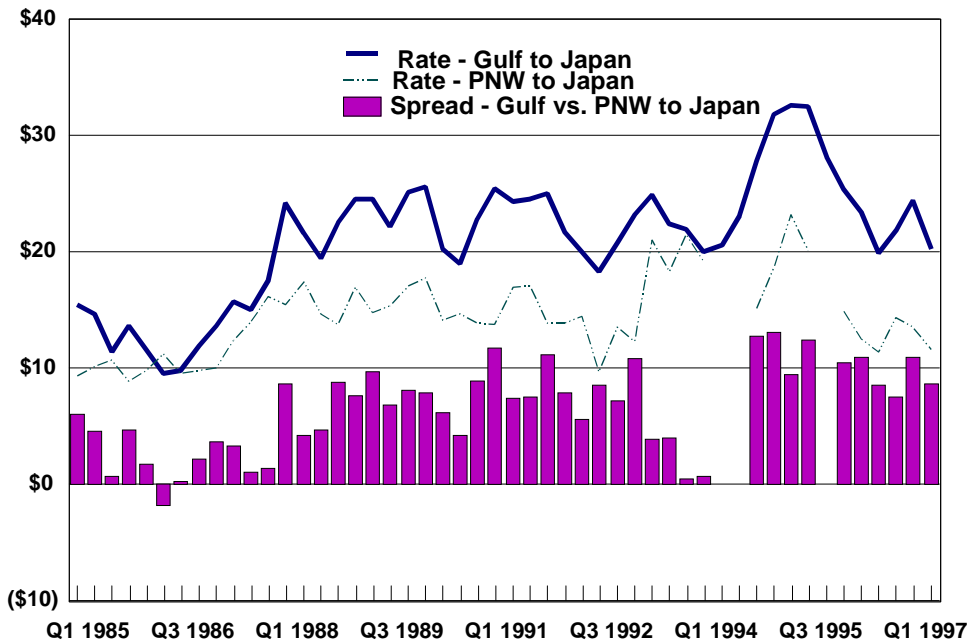
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 06/11/98			
Vancouver	5,848	1,110	962
Prince Rupert	3,585	31	392
Prairie Direct	965	332	407
Thunder Bay	457	295	112
St. Lawrence	3,308	1,915	197
1997 YTD Exports	14,163	3,683	2,070
1996 YTD Exports	11,953	3,380	2,960
% of Last Year	118%	109%	70%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
06/04/98	22	48	50	7			1	10	3
06/11/98	26	38	50	7			3	6	1
1996 Range	(17..46)	(38..61)	(27..88)						
1995 Range	(11..67)	(22..64)	(31..90)						
1997 Avg	37	46	62						
1996 Avg	31	45	60						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

**Quarterly Ocean Freight Rates**

Weighted Average Rates &amp; Vessel Size, U.S. Dollars/Metric Ton - Basis

	1997 4 <sup>th</sup> Qtr	1996 4 <sup>th</sup> Qtr	% Change		1997 4 <sup>th</sup> Qtr	1996 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.01	\$22.64	-3%	Japan	\$13.34	\$14.66	-9%
Mexico	\$13.97	\$14.96	-7%	Red Sea/ Arabian Sea	\$20.18	\$22.74	-11%
Venezuela	\$13.59	\$12.62	8%				
N. Europe	\$11.34	\$13.28	-15%	<b>Argentina to</b>			
N. Africa	\$14.80	\$15.87	-7%	N. Europe	\$16.12	\$18.15	-11%
				Japan	\$23.23	\$30.37	14%

Source: Transportation &amp; Marketing/AMS/USDA

**Ocean Freight Rates**

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Holland	Grains	June	90,000	\$7.77
Gulf	Egypt (Med.)	Heavy Grains	June	52,000	\$8.00
Gulf	Japan	Heavy Grains	June/July	40,000-54,000	\$14.00-16.00
Gulf	So. Korea	Heavy Grains	June/July	52,000-54,000	\$13.50
Tampa	Gibraltar/Hamburg	Grains	June	22,000	\$12.50
Brazil	Lisbon/Hamburg	Grains	June	37,000	\$12.00
Itacoatiara (Brazil)	Lisbon	Heavy Grains	June	50,000	\$8.75
River Plate/So. Brazil	Spain (Med.)	Heavy Grains	June	55,000	\$10.80
Rouen (France)	Cuba	Wheat	June	30,000	\$16.00
Iskenderun (Turkey)	Italy	Wheat	June	16,000	\$9.50

Source: Maritime Research Inc.